



FPM
Advice Centre

Treating you fairly

THE HOUSE PURCHASE MORTGAGE PROCESS WITH F.P.M. ADVICE CENTRE

How much can I afford?

Single Applicant - This will vary according to your circumstances, but typically ranges from 3.5 to 4.5 times your annual income

Joint Applicants - Again, this can vary depending on circumstances, but would generally be expected to be between 2.5 to 3.5 times your joint annual incomes.

Remember that all Lenders have their own calculation method and will differ. Some now use an 'affordability' calculation rather than an income multiple. Remember that we can deal with Lenders across the whole of the market to help select the most appropriate calculation.

Important notes:

1. Lenders will usually adjust the amount they will lend to reflect financial commitments which you will have alongside your Mortgage. These can be Loans, Credit Cards, Hire Purchase, Maintenance.
2. Income which is not guaranteed will not necessarily be calculated at 100% of the earned rate. This will include Overtime, Bonuses, Commission. Second jobs will be treated at the Lender's discretion.
3. If your income can not be satisfactorily proved (for example your income consists primarily of commission, or you are self-employed and your accounts are not up to date), you may be able to 'self-certify' your income. This often requires a larger deposit. If this applies to you we will discuss this in more detail. We will also issue our information leaflet giving advantages and disadvantages of this type of Mortgage.
4. We strongly recommend that you take some time to research all of your likely costs after your Mortgage completes (everything from Council Tax, to Transport Costs, to Food). You can then work to your own budget. This figure will be more important to you than the multiples outlined above.

Agreement in Principle

There are three good reasons to arrange an Agreement in Principle:

1. Your future Mortgage will be underwritten. You will then know about any issues with your credit history and confirm that your required amount is available. It is quite important that you do not take this step too early as Lender's underwriting rules change quite frequently, as do the available products.
2. It gives you important confidence when making an offer on a property. Remember that an Agreement in Principle is based on information you have given (such as income) being correct, and will be subject to a satisfactory valuation of the property.
3. It proves to Estate Agents and Sellers that you are able to proceed and that you are serious Buyers.

Yours Costs

- **Deposit.** A minimum deposit of between 5% and 10% will usually be required. Some schemes do not require a deposit (100% schemes), although in these cases you can expect to pay more to reflect the higher risk.
- **Higher Lending Charge.** Although this sum, when charged, can usually be added to the Loan, this fee (charged by Lenders to insure them against future loss in the event of repossession) can be significant. You can avoid this charge by paying a 10% deposit. However, a small number of Lenders will not charge this fee with a 5% deposit.
- **Survey Costs.** There are several types of survey available, going to differing depths in their detail. Most borrowers elect to take the most basic - a Mortgage Valuation. Based on a purchase price of £100,000, the typical cost of such a valuation will range between £250 -£350 (varying between Lenders).
- **Solicitor's fees.** We are happy to work with your Solicitor. It would be prudent to obtain a number of quotes if you do not already have a solicitor. We will be pleased to make a recommendation should you require this. Costs vary, but we feel that you should budget for around £750.
- **Stamp Duty.** Under current legislation, properties under £125,000 are exempt from this tax. Between £125,001 and £250,000, the cost is 1% (e.g. £1,500 on a property bought at £150,000). This cost rises to 3% above £250,000 and to 4% above £500,000. This fee will be payable to your solicitor at completion.

Remember that if you also selling a home, to allow for Estate Agents fees and increased Legal costs. You may also be intending to appoint a removals company, so budget for these costs if this is the case. Finally, as you will be moving in to your new home, there will certainly be a number of items you will want to budget for, within the home.

Which Mortgage?

- As fully authorised Mortgage Advisers, we will discuss all of the above matters and their relevance to selecting the best Mortgage for you.
- We will then help you to understand the difference between a 'tracker' rate mortgage and a 'fixed' rate and advise on the best route for you.
- We will then issue a Key Facts Illustration. This document is headed 'About your Mortgage'. We will make sure that you understand this document.
- Most importantly, we will need to ensure that the Mortgage is affordable. We will need to obtain evidence of this affordability in all cases.

What happens next?

- We will submit the Mortgage Application to the Lender on your behalf. Wherever possible this will be done electronically for maximum efficiency.
- We will liaise with: The Lender, your solicitor, the estate agent (or builder) and any other relevant party during your application process, to help make the process as smooth as possible.
- We will provide you with a letter, confirming all of our discussions and outlining the reasons for our advice.
- We will have further discussions about any insurance you require. We can arrange Household Insurance. We also work with the whole of the market in selecting the appropriate life assurance for you.

If things go wrong....

This is a rarity, but can happen. All we ask is that you allow us to attempt to put matters right. If things are not resolved, we have a complaints procedure. Beyond this, we can direct you to the statutory regulatory complaints route and Ombudsman scheme. These details can be found in our initial document which will be issued at the outset of our first meeting.

**Your home may be repossessed
if you do not keep repayments on your Mortgage**



**Financial Planning &
Mortgage Advice
Centre**

5 Bold Street, Warrington,
Cheshire. WA1 1DN
Tel: 01925 240020
Fax: 01925 240021

55 Gerard Street,
Ashton In Makerfield,
Wigan. WN4 9AG
Tel: 01942 722993
Fax: 01942 722994

e-mail:
enquiries@fpmac.co.uk

web:
www.fpmac.co.uk



FPM Advice Centre LLP is A
Limited Liability Partnership
Registered in England and Wales.
Number 0C330030

FPM Advice Centre LLP is
authorised and regulated
by the Financial Service Authority.